

Message Text

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PAGE 01 STATE 202759

43

ORIGIN EUR-12

INFO OCT-01 ISO-00 AF-06 OPIC-03 SAM-01 SP-02 AID-05 EB-07

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02

LAB-04 SIL-01 L-03 H-02 PA-01 PRS-01 ARA-06 /100 R

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APPROVED BY EUR/WE:REBARBOUR

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FM SECSTATE WASHDC

TO AMEMBASSY LISBON PRIORITY

CONFIDENTIAL STATE 202759

E.O. 11652: GDS

TAGS: EIND, PO

SUBJECT: ITT PROBLEMS IN PORTUGAL

REFS: LISBON 4848 AND 4867

1. ITT LOCAL COUNSEL HAS PROVIDED DEPARTMENT WITH COPY OF VALENTE LETTER OF AUGUST 25 TO CARLUCCI WITH ENCLOSED MEMORANDUM MAILED FROM BOTH BRUSSELS AND LISBON TO FOUR GOP MINISTERS REGARDING ITT DECISION AGAINST PUTTING FURTHER EXTERNAL FUNDS INTO OPERATIONS OF ITS ENTERPRISES IN PORTUGAL UNTIL SUCH TIME AS IT RECOVERS MANAGEMENT CONTROL AND CAN FUNCTION MORE NORMALLY. ITT INTENT IS TO CONTINUE WITH THESE ENTERPRISES AND NOT ABANDON THEM BUT IN LIGHT OF SIMILAR BUT NOT IDENTICAL SITUATION IN WHICH COMPANY IS SUFFERING SERIOUS CONTINUING LOSSES IN ARGENTINA, THE NEW YORK OFFICE DECIDED IT CAN ONLY OPERATE EFFECTIVELY IN PORTUGAL IF IT CAN MANAGE, HAVE ACCESS TO LOCAL BANK CREDIT, ETC.

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PAGE 02 STATE 202759

2. DEPARTMENT OFFICERS TOOK NOTE OF ITT DECISION. THEY SUGGESTED THAT IF NEW MODERATE GOVERNMENT IS APPOINTED, ESPECIALLY WITH VICTOR CRESPO AS VICE PREMIER IN CHARGE OF ECONOMIC AFFAIRS AS REUTERS TICKER HAD SUGGESTED, COMPANY SHOULD COMMUNICATE IMMEDIATELY WITH HIM EMPHASIZING ITS DESIRE TO RESUME NORMAL OPERATIONS. ITT REPRESENTATIVE INDICATED HEAD OFFICE WAS COMPELLED TO MOVE RAPIDLY AND PRIOR CONSULTATION WITH AMBASSADOR CARLUCCI WAS NOT POSSIBLE. INGERSOLL

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Message Attributes

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Margaret P. Grafeld
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